

Information concerning the tax liabilities related to rolling stock moving in interstate commerce may be found by reviewing the Department's regulations found at 86 Ill. Adm. Code 130.340 and Public Act 93-1033. (This is a GIL.)

April 27, 2006

Dear Xxxxx:

This letter is in response to your letter dated December 16, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

This correspondence is a request for written taxability advice regarding the following fact pattern and sales/use tax issues.

**Fact Pattern:**

Company X is a beverage manufacturer and distributor. Company X has locations in 18 states. Company X has established a separate transportation entity (Company Y) that transports Company X products for hire. The transportation services may be within one state or cross state lines.

Company Y has licensed (for IFTA purposes) all vehicles in the state of Indiana. Company Y has three vehicle type classifications per their general ledger:

- Tractors
- Trailers
- Autos and Small Trucks

All Tractors and Trailers are registered as interstate common carriers. Autos and Small Trucks are not registered as interstate common carriers. Upon purchase of the vehicles, the vehicles are delivered directly to the applicable state location requiring the vehicle addition. Company Y has no employees. Company Y leases its employees from Company X.

Company Y uses the tractors and trailers for hauling Company X products:

- from Company X production facilities to Company X distribution facilities, and/or
- from Company X production/distribution facilities to Company X customer sites.

**Request:**

On the basis of the fact pattern provided above, please address the following questions and complete the attached sales/use tax matrix **as it relates to Company Y** purchase transactions. When completing the attached matrix, assume that Company Y has met the qualifications for your State's common carrier or rolling stock exemption (unless you do not have one). In addition to completing the attached matrix (not in place of), please provide reference to applicable statutes, regulations and exemption form(s). Contact me immediately if you require additional information/facts to provide sales/use tax guidance.

**Questions:**

1. Does your State provide an exemption from sales/use tax on the purchase of tractors and trailers registered as interstate common carriers? What are the requirements for the exemption?
2. Does your State have a rolling stock exemption that includes tractors and trailers registered as interstate common carriers?
3. On the basis of the fact pattern provided above, do Company Y's tractor and trailer purchases and operations qualify for your interstate common carrier and/or rolling stock exemption? If no, why not?
4. What type of documentation is required (for audit purpose) to support that vehicles qualify for your exemption?

We appreciate your assistance and can provide an electronic copy of the attachment upon request.

**2006 Sales/Use Tax - Taxability Guidelines**

**State of** \_\_\_\_\_

**Fact Pattern:**

Assuming your state provides sales/use tax exemption(s) for qualifying common carrier or rolling stock tractors and trailers which haul products for hire, are the following purchase transactions taxable or exempt from sales/use tax when purchased (or services performed in) your state?

	Taxable	Exempt
Vehicle Purchase [Tractor]	_____	_____
Vehicle Purchase [Trailer]	_____	_____
Tractor Repair Parts	_____	_____
Trailer Repair Parts	_____	_____
Tractor Repair Services/Labor [unrelated 3rd-Party]	_____	_____

Trailer Repair Services/Labor [unrelated 3rd-Party]	_____	_____
Tractor Repair Services/Labor [Related	_____	_____
3rd-Party - Co. X]		
Trailer Repair Services/Labor [Related	_____	_____
3rd-Party - Co. X]		
 Tractor Tires	_____	_____
Trailer Tires	_____	_____
 Tractor Tires - Repair Services/Labor	_____	_____
Trailer Tires - Repair Services/Labor	_____	_____
 Lube Oil [Tractors or Trailers]	_____	_____
 Fuel (Diesel) [Tractor & Trailers]	_____	_____
Fuel (Gasoline) [Tractor & Trailers]	_____	_____
 <i>Other Company Y (Fleet Company) Purchase Transactions:</i>		
Fuel - Propane	_____	_____
J-Bars	_____	_____
Tools - to perform internal repairs on	_____	_____
tractors/trailers		
Repairs/Repair Parts - Garage Equipment	_____	_____
Repairs/Repair Parts - Lift Trucks	_____	_____
(used to load/unload trucks)		
Tires - Lift Trucks/Forklifts	_____	_____
(used to load/unload trucks)		

## DEPARTMENT'S RESPONSE:

We are unable to reply to your request in the manner requested. Information concerning the tax liabilities related to rolling stock moving in interstate commerce may be found by reviewing the Department's regulations found at 86 Ill. Adm. Code 130.340. Please note that these rules do not reflect the changes to the qualifications for the rolling stock exemption for certain motor vehicles and trailers that were made by Public Act 93-1033. See 35 ILCS 120/2-51. In addition, you may wish to review the Department's sales tax "Sunshine Letter" rulings which may be located on the Department's Internet website under the heading of "Laws/Regs/Rulings."

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk